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Bank of America

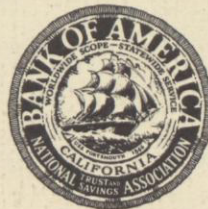
CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE



Annual Report

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In Memoriam

AMADEO PETER GIANNINI

WHEREAS, on the morning of the third day of June, 1949, the Almighty Father summoned from our midst

Amadeo Peter Giannini

our beloved "A. P.," fellow Director and Founder of Bank of America National Trust and Savings Association; and

WHEREAS, A. P. was born of strong immigrant stock in San Jose, California, on May 6, 1870; and throughout his career exhibited the pioneer spirit inherited from his Italian parents, his fixed purpose and ceaseless energy carrying him forward from the humble circumstances of his youth to a position of pre-eminence in the financial world; and

WHEREAS, endowed with extraordinary mental and physical qualities and dominated by an unbounded faith in the destiny of California and neighboring western states, he created a great and unparalleled financial organization designed to serve and develop the West; and

WHEREAS, Bank of America, the largest unit of that organization and the world's foremost bank, is the outstanding product of its Founder's genius and dynamic personality, and the embodiment of his will to create a public service institution capable of supplying, within its sphere, the financial needs of worthy people in every walk of life; and

WHEREAS, A. P. was a living symbol of the American system of Free Enterprise, and with herculean strength fought many a battle with powers in and out of government to preserve this system and the financial organization which he had builded within its bounds; and

WHEREAS, at the time of his demise this seemingly indestructible warrior was leading his forces in what was destined to be his last battle for the cause of Free Enterprise and the preservation of his life's work; and

WHEREAS, A. P. has left behind him a battle force fully capable of carrying on in his tradition under the able leadership of his illustrious son, Lawrence Mario Giannini, President of Bank of America for the past thirteen years, and who, blessed with the fighting spirit and genius of his father, has long demonstrated his ability to preserve and further develop this great institution of service; and

WHEREAS, A. P. was a public-spirited citizen and a powerful influence in the determination of the social order of his native state, and through the medium of his financial organization contributed more to the economic development of California in his time than any other man, thus earning for himself the fitting appellation — "Colossus of the West"; and

WHEREAS, ever mindful of the fact that financial circumstances had denied him opportunities for advanced education in his youth, he made or caused to be made generous contributions for educational purposes, important among which were a gift to the University of California to further the agricultural interests of the state, and the establishment of the Bank of America-Giannini Foundation to assist worthy members of organizations with which he had been associated in obtaining higher practical and cultural education than their means or circumstances would permit, to advance medical research and to accomplish other charitable purposes; and

WHEREAS, A. P.'s frankness and warm personality won for him the esteem and affection of his thousands of business associates and a host of other friends, and his indomitable spirit was a source of inspiration that carried his organization forward to incomparable achievements; and

WHEREAS, in his demise his children have lost a loving and devoted father; this Association, the State of California, and the entire West have lost a fearless champion, and the nation has lost a great American;

NOW, THEREFORE, BE IT

RESOLVED by this Board of Directors of Bank of America National Trust and Savings Association in regular meeting assembled, that the loss of our beloved fellow Director and Founder, A. P. Giannini, is the source of deepest sorrow to us, and that when we adjourn today we do so in respect to his memory; and

BE IT FURTHER RESOLVED, that we tender to his sorrowing family our deepest sympathy in their bereavement; and

BE IT FURTHER RESOLVED, that we dedicate ourselves to the task of perpetuating the ideals and principles of our Founder as expressed in the fruit of his labor—Bank of America National Trust and Savings Association—and that we stand in solid phalanx to preserve this glorious work as a monument to the memory of its creator and as an institution of public service to the West; and

BE IT FURTHER RESOLVED, that this resolution be spread upon the minutes of this meeting held on the fourteenth day of June, 1949, and that a suitably engrossed copy thereof be sent to the surviving son and daughter of our beloved "A. P."

A. J. GOCK
Chairman of the Board



President's Report to the Stockholders

San Francisco, California
January 10, 1950

1949

brought us the great misfortune of the passing of our Founder, A. P. Giannini. It was our extreme good fortune, however, to have had his guidance and inspiration throughout our first 45 years, and particularly during the epochal 1940's. Under his direction our bank—his bank—achieved a pre-eminent position in the banking world.

The man known affectionately to all as A. P. was one of California's greatest builders. We shall always remember that it was in his role as the little fellow's banker, a role played on the stage of all California through his pioneered system of branch banking, that he rendered incomparable service to the state and to the nation. His work has been memorialized in a resolution of the bank's Board of Directors which is reproduced in this report.

The year climaxed the decade of greatest growth and service in the history of our bank and its home state of California. It seems fitting at this time to view the highlights of our position in comparison with ten years ago as well as one year ago.

- Total resources rose to \$6,250,402,352 at December 31, 1949, from \$6,072,913,872 at December 31, 1948, and \$1,628,586,278 at December 31, 1939.
- Deposits totaled \$5,775,110,029, in comparison with \$5,639,523,419 one year ago and \$1,482,791,676 ten years ago.
- Loans outstanding amounted to \$2,804,522,646, which compares with \$2,807,070,398 the year before and \$711,054,697 ten years before.
- Investments in securities totaled \$2,322,505,622 at the end of 1949, against \$1,945,231,719 at the end of 1948 and \$604,268,671 at the end of 1939.
- Among investments, United States Government obligations, direct and fully guaranteed, accounted for \$1,795,494,070 last year-end, in comparison with \$1,545,280,553 one year earlier and \$434,691,061 ten years earlier.
- Capital funds and Reserve for Possible Loan Losses together amounted to \$356,326,220 at December 31, 1949, up from \$325,690,312 at December 31, 1948; capital funds totaled \$118,853,366 ten years ago.

Earnings and Dividends

NET PROFITS for the year amounted to \$52,128,200, or \$5.09 a share on 10,238,052 shares outstanding, the highest earnings to date. This compares with net profits of \$47,052,572 for 1948, or \$4.59 a share on the number of shares as adjusted for the stock dividend paid in 1949.

Reserve for Possible Loan Losses was credited with a net of \$9,000,000 from current earnings after giving effect to adjustments resulting from rulings handed down in 1949 by the Bureau of Internal Revenue. After giving effect to this entry, and to credits for loan recoveries and charges for loan losses during 1949, the reserve amounted to \$45,608,351 at December 31, 1949.

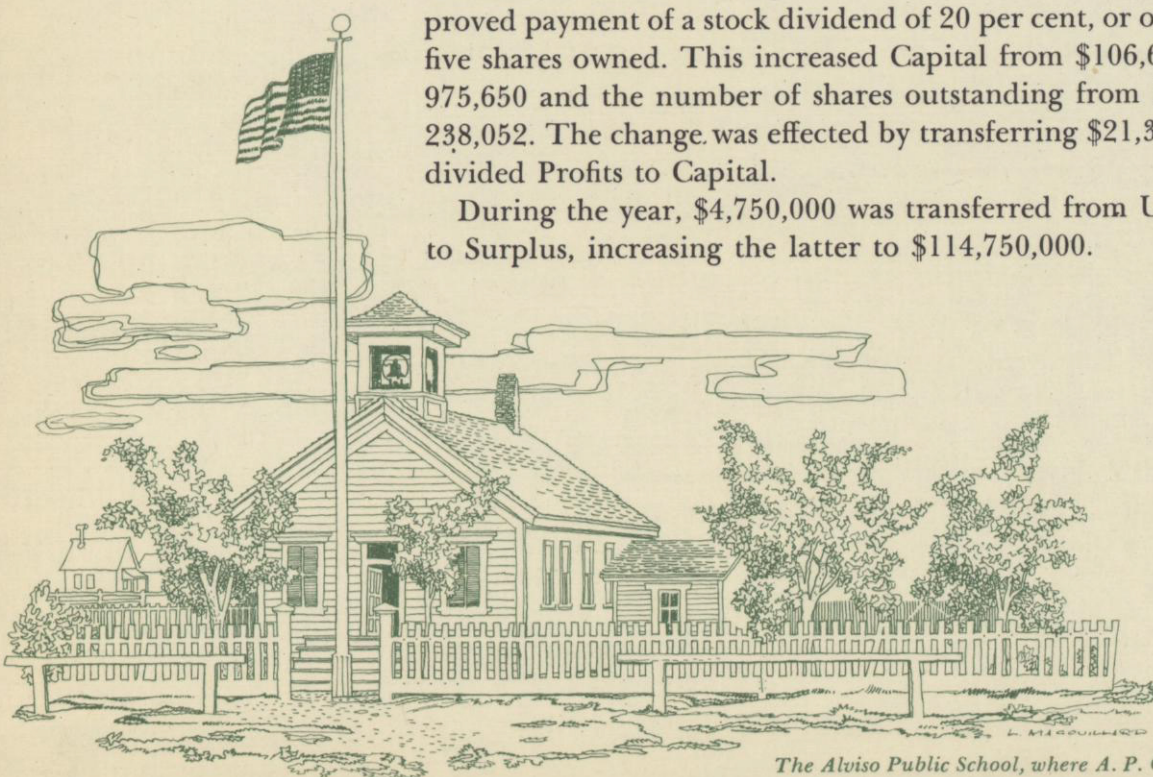
Dividends of \$2.50 a share, consisting of semi-annual payments of \$1.25 each and totaling \$25,595,130, were paid in 1949. This was an increase of 20 per cent over dividend payments in 1948, since shares issued as a stock dividend participated fully in 1949 cash dividend payments. At its November meeting the Board of Directors voted to change dividend payments from a semi-annual to a quarterly basis in 1950.

Current operating earnings amounted to \$195,436,032 in 1949, after providing \$8,224,559 for amortization of bond premiums. Income from the investment portfolio amounted to \$32,248,055, including \$573,971 net profit from sales of securities. Current operating expenses totaled \$134,307,832, including employees' profit-sharing bonus participation of \$2,385,445. Net current operating earnings amounted to \$61,128,200, against \$51,823,180 in 1948.

Changes in Capital Accounts

AT A SPECIAL meeting held March 7, 1949, the stockholders approved payment of a stock dividend of 20 per cent, or one share for each five shares owned. This increased Capital from \$106,646,375 to \$127,975,650 and the number of shares outstanding from 8,531,710 to 10,238,052. The change was effected by transferring \$21,329,275 from Undivided Profits to Capital.

During the year, \$4,750,000 was transferred from Undivided Profits to Surplus, increasing the latter to \$114,750,000.



The Alviso Public School, where A. P. Giannini learned his 3 R's.

Summary of Earnings 1949

CURRENT OPERATING EARNINGS:

Interest on loans	\$135,107,923	
Interest and dividends on securities (after amortization) and net profits from sales of securities	32,248,055	
Other current operating earnings . . .	28,080,054	
		\$195,436,032

CURRENT OPERATING EXPENSES:

Interest paid	\$ 32,849,554	
Salaries and wages (including employes' profit-sharing bonus participation of \$2,385,445)	50,035,840	
Provision for taxes and assessments . .	32,803,598	
Other current operating expenses . . .	18,618,840	
		\$134,307,832

NET CURRENT OPERATING EARNINGS \$ 61,128,200

Addition to Reserve for Possible Loan Losses* 9,000,000

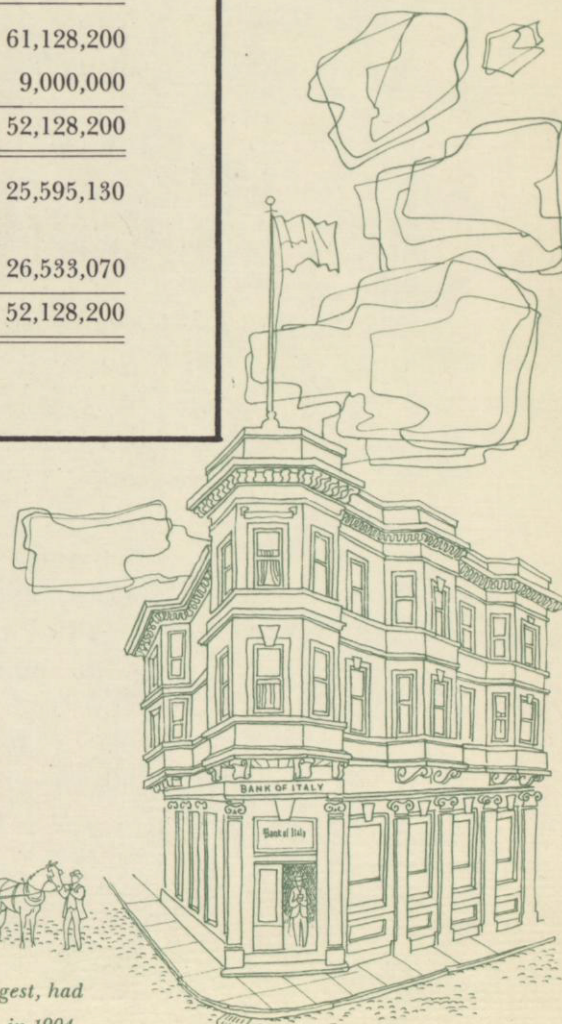
NET PROFITS \$ 52,128,200

DIVIDENDS PAID: \$2.50 a share \$ 25,595,130

**ADDITION TO CAPITAL FUNDS FROM
CURRENT EARNINGS*** 26,533,070

\$ 52,128,200

*See "Earnings and Dividends," page 2.





Deposit Activity

MOST gratifying among the year's deposit developments was the increase in savings and time deposits, particularly the increase in savings of individuals. At the figure of \$2,647,696,564, total savings and time deposits registered an increase of \$147,920,524 over the final 1948 figure, \$111,000,000 of which was an increase in the savings of individuals.

Noteworthy gains were made during the year in the bank's thrift training of school children. School savings service was extended to 338 additional California schools, making a total of 1,738 now covered by our bank.

In 1948, we sponsored a system of achievement awards for high school seniors in the Los Angeles district. Last year the program was extended to schools in the greater San Francisco Bay area. Purpose of the awards is to stimulate student interest in higher education, build character, and develop a social consciousness in the oncoming generation. Through a screening process, high school graduates are selected by a citizens' committee to receive awards of cash, cups and certificates, on the basis of scholarship, citizenship, personality and character.

Two hundred thousand members of the Bank of America Christmas Club rounded out another year of systematic saving for a definite purpose, and on December 1st received checks aggregating some \$21,000,000. This was an increase of about 10,000 in membership and \$2,000,000 in savings accumulated for Christmas shopping and other purposes.



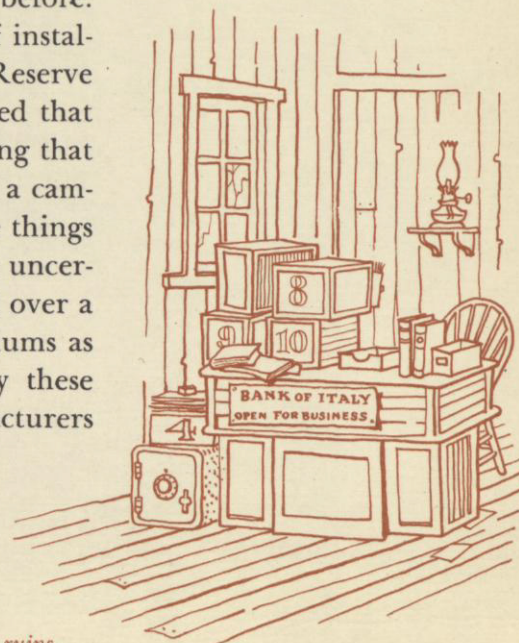
The Thrift Club, installed in 1948 as a companion activity to the Christmas Club, showed a healthy trend by nearly tripling its average deposit balance during 1949.

Total demand deposits at December 31, 1949, were \$3,127,413,465, as compared with \$3,139,747,379 the year before.

Lending Activity

AT THE year's end, loans outstanding consisted of approximately \$592,000,000 in instalment credit loans, a gain of \$100,000,000 over 1948, \$1,448,000,000 in real estate loans, an increase of \$53,000,000, and \$765,000,000 in commercial and agricultural loans, this last classification showing a decrease of \$155,000,000 from the final total the year before.

In midyear, the green light was given to wider application of instalment financing of consumer goods by expiration of the Federal Reserve Board's restrictive Regulation W. In September, being convinced that no real depression elements existed in the economy, and believing that prices and quality were at a stabilization point, we inaugurated a campaign to instil confidence in people and inspire them to buy the things they desired but had been hesitating to purchase because of the uncertainties in these respects. Our "Buy Now" campaign was waged over a broad advertising and merchandising front, through such mediums as newspapers, periodicals, billboards, radio and direct mail. By these means, our thought and our voice were directed to help manufacturers



and dealers to sell goods, and our credit facilities were made more widely available than ever before to assist people in acquiring worthwhile things.

All types of instalment credit loans made during the 12 months through November 1949, retail Timeplan, wholesale, factoring, accounts receivable and rediscounts, totaled \$1,311,000,000, compared with the 1948 figure of \$1,267,000,000. This class of loans is being liquidated at a rate currently in excess of \$101,000,000 a month.

Real estate loans outstanding November 30th averaged \$5,683. In the first eleven months of 1949, real estate loan repayments averaged \$22,237,000 a month, thus providing a large amount of funds for re-lending to other home buyers. Home loans and other real estate loans to veterans, guaranteed under the G. I. Bill, were held in the amount of about \$635,000,000. These loans were fully or partially guaranteed by the Veterans Administration to the extent of approximately \$317,000,000. Outstanding FHA real estate loans fully insured under the National Housing Act totaled \$457,527,000 at November 30, 1949, an increase of \$90,345,000 within a year.

Investment Portfolio

A SERIES of decreases in reserve requirements during the year permitted us to employ a larger proportion of our resources in security investments. Our year-end holdings of securities totaling \$2,322,505,622 included increases of \$250,213,517 in U. S. Government obligations, direct and fully guaranteed, \$33,681,824 in state, county and municipal bonds, and \$93,378,562 in other bonds and securities, principally Federal Agency obligations. Percentage-wise, our portfolio is divided into governments, 77.3 per cent, municipals, 13.7 per cent, and other securities, 9.0 per cent.

An important function of the bank during the postwar period, and especially in 1949, has been that of purchaser and distributor of bonds of California cities, counties, school districts and other special taxing districts. During 1949 we were principal underwriter in 126 California municipal bond issues totaling approximately \$120,000,000 par value.

Our holdings of United States government issues due or callable within five years totaled \$1,558,035,750 par value at December 31, 1949, and

constituted 87.9 per cent of the government portfolio. This was in comparison with holdings of \$1,367,038,400 par value, representing 89.8 per cent of the portfolio, at December 31, 1948. Holdings due or callable within one year totaled \$696,116,950 at December 31, 1949, against \$607,963,850 at the end of 1948.

The Little Fellow's Bank

THERE is a never ending thrill in the annual census of people who use our deposit, credit and other banking facilities. In November we were serving 4,088,018 deposit accounts, a gain of 123,402 for the year. The total included 2,649,047 savings accounts, and 1,438,971 checking accounts. Demand deposit balances of individuals averaged \$1,604 in November, while savings deposit balances averaged \$891.

Exclusive of indirect collections, flooring loans and accounts receivable, there were some 1,580,000 loan transactions aggregating about \$3,675,000,000 during the 12 months ended November 30, 1949. At the close of that period there were outstanding approximately 939,000 small loans to individuals and small enterprises, 468,000 loans to assist people to purchase or improve their homes or other real estate, and 101,000 commercial, industrial and agricultural loans, making 1,508,000 loans on our books at the date of the count.

The Federal Reserve Hearing

READERS of the news have doubtless wondered why the name of Bank of America continues to appear so prominently in hearings conducted by the Federal Reserve Board upon its anti-trust charges against Transamerica Corporation. There is no basis of logic, consistency, or justice for the bank's being mentioned in the proceeding at all.

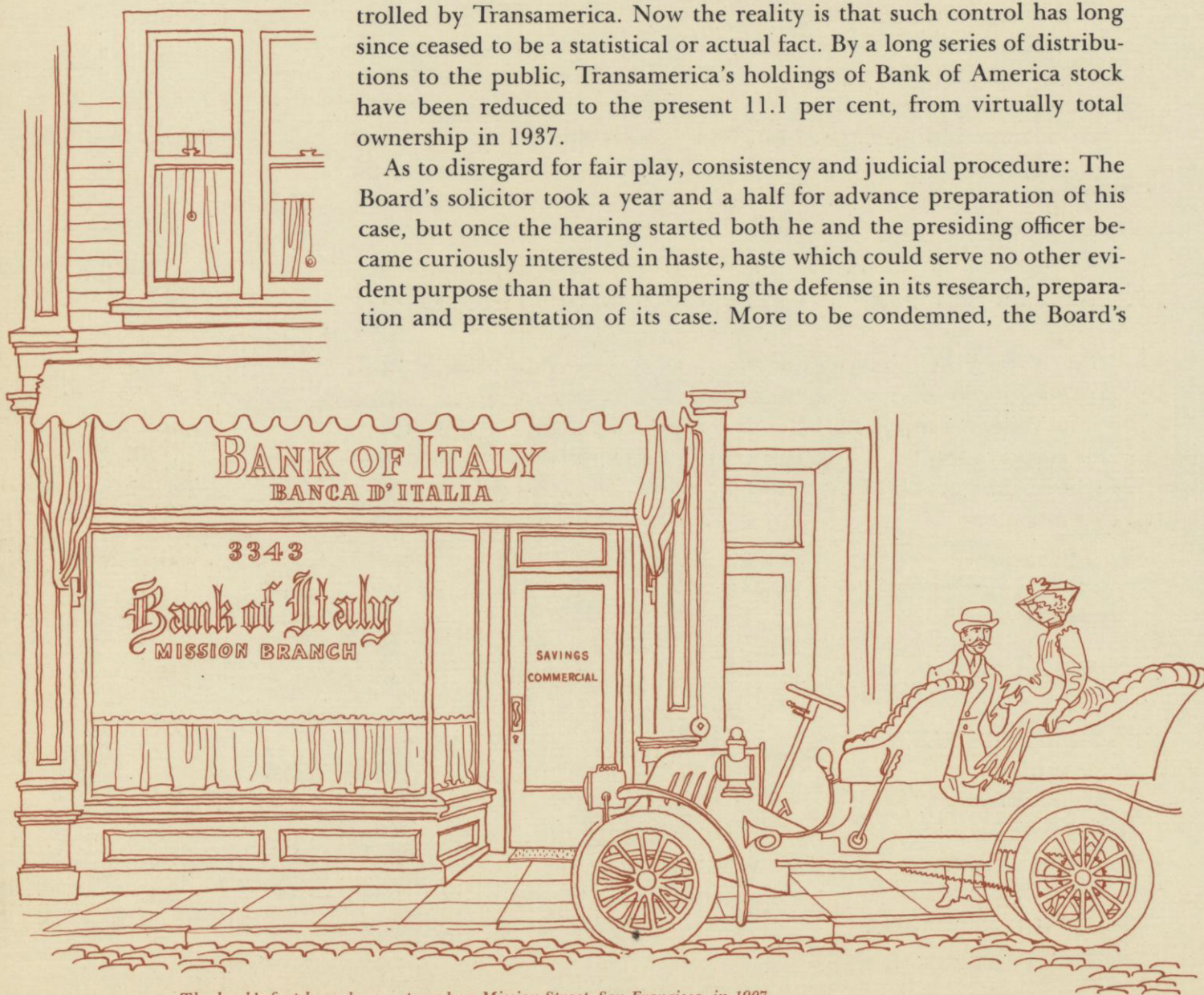


However, it is no new thing for the creations of A. P. Giannini to be persecuted under thinly disguised artifices of *prosecution* by powerful interests and perfidious individuals with questionable motives. I am convinced that over the years these tactics have unintentionally contributed to our growth and success, for they have kept us always on our mettle and have provided additional inspiration for achievement.

But the current Federal Reserve hearing is establishing an all-time low in unhealthy bureaucratic tactics, and is heaping discredit upon an important instrumentality of our national government, on two counts: One, the utter flimsy on which the proceeding is founded; and two, the total lack of regard for orderly and proper judicial procedure in which it is being conducted.

As to the flimsy: While Bank of America is not a party to the proceeding, the Board's adroit and devious solicitor has dramatically conceded that he will have no case unless he proves that the bank is controlled by Transamerica. Now the reality is that such control has long since ceased to be a statistical or actual fact. By a long series of distributions to the public, Transamerica's holdings of Bank of America stock have been reduced to the present 11.1 per cent, from virtually total ownership in 1937.

As to disregard for fair play, consistency and judicial procedure: The Board's solicitor took a year and a half for advance preparation of his case, but once the hearing started both he and the presiding officer became curiously interested in haste, haste which could serve no other evident purpose than that of hampering the defense in its research, preparation and presentation of its case. More to be condemned, the Board's



The bank's first branch was opened on Mission Street, San Francisco, in 1907.

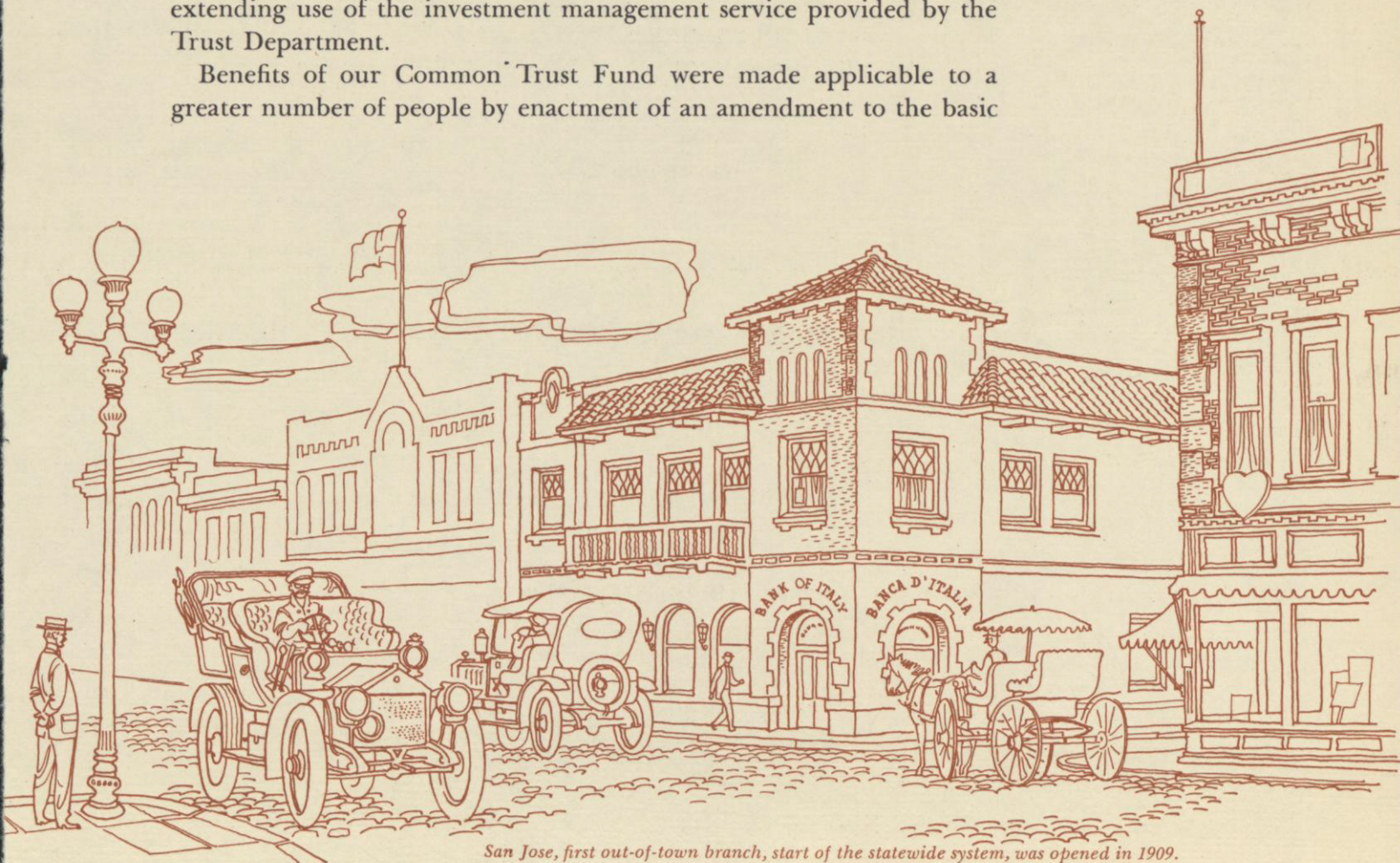
hearing officer has repeatedly ruled in favor of its solicitor, under the influence of his inconsistent and fallacious arguments, and has as repeatedly and without compunction sided with the Board's solicitor when he has reversed his own position and used equally false reasoning to gain exactly opposite rulings.

Through this proceeding and the manner in which it is being conducted, a dark chapter is being written into the record of administration of justice by an important agency of the government. It is to be hoped that eventually members of the Federal Reserve Board will see through the prejudice upon which the charges are based and character-smearing tactics by which an attempt is made to support them, release Bank of America from further annoyance, and recognize legal principles consistently applied by the Supreme Court and the Department of Justice in anti-trust cases.

Trust Department

IN KEEPING with the trend of the times, we have become increasingly active in assisting large and small employers in the formulation of pension and profit-sharing plans, and in acting as trustee or agent for individual trustees of such plans. Particular attention is also being given to extending use of the investment management service provided by the Trust Department.

Benefits of our Common Trust Fund were made applicable to a greater number of people by enactment of an amendment to the basic



San Jose, first out-of-town branch, start of the statewide system, was opened in 1909.

A black and white illustration of a large, boxy truck, possibly a school bus or a heavy-duty transport vehicle, driving towards the viewer. The truck has a prominent front grille with vertical slats and round headlights. A diamond-shaped road sign is positioned in the foreground to the left of the truck. The background is filled with dark, expressive brushstrokes, suggesting a wooded or hilly area. The overall style is that of a mid-20th-century graphic illustration.

A black and white illustration of a factory. In the foreground, there are two buildings: one with a corrugated metal roof and another with a flat roof and a small chimney. Behind them is a large, multi-story building with a grid of rectangular windows. Several tall, dark smokestacks rise from the factory, with thick plumes of smoke billowing out into the sky. The background is filled with dense, dark, swirling lines representing smoke or clouds.

CULTURE ☆ ☆ ☆ H O U S I N G ☆ ☆ ☆ G R O W E R S A S S O C I A T I O N

We have loaned to our customers for use in their businesses, for reconversion purposes, for the storing of commodities, for intermediate capital uses, for building, buying, or modernizing their homes, financing automobile or household equipment purchases, and for other legitimate needs . . . **\$2.804.522.645.72**

We have customers' guarantees or securities
for letters of credit and acceptances, and their
obligations on endorsed bills and notes **70,257,239.09**

TOTAL DUE US FROM CUSTOMERS	\$2,895,089,401.16
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Bank buildings, furniture, fixtures, and safe deposit vaults. This figure represents the cost less depreciation reserve of \$23,714,775.13. **\$ 46,132,255.05**

Other real estate owned. This is real estate acquired in the settlement of debt, carried at less than cost or appraised value. . . . \$ 387,281.06

Other resources, including automotive equipment, deferred charges, etc.	\$ 506,360.53
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TOTAL RESOURCES	\$6,250,402,352.28
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This statement includes figure
Member Federal Reserve System . . . Member
Branches served

on December 31, 1949

LIABILITIES

Capital. Representing the investment of approximately 160,000 stockholders \$ 127,975,650.00

Surplus. Paid in by stockholders or accumulated from earnings 114,750,000.00

Undivided profits. Profits accumulated and not distributed 63,118,961.36

Reserves. Set aside out of accumulated profits by the Board of Directors, available as a reserve, in addition to Surplus and Undivided Profits, against normal contingencies 4,873,256.73

TOTAL CAPITAL FUNDS \$ 310,717,868.09

Reserve for possible loan losses. This reserve is to apply against any loan losses that may develop in the future; it has not been allocated to any particular loans or type of loans \$ 45,608,351.46

Demand deposits. Funds placed with the bank by individuals, corporations, firms, banks, public officials, and the United States Government (payable on demand) \$3,127,413,464.99

Savings and time deposits. Funds placed with the bank in savings accounts or for extended periods of time by individuals, corporations, firms, United States Government, State of California and political subdivisions thereof 2,647,696,564.40

TOTAL DEPOSITS \$5,775,110,029.39

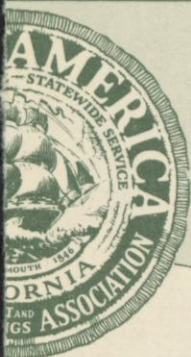
We have issued letters of credit and accepted bills on behalf of customers, and have endorsed bills and notes, all of which are secured by customers' obligations or collateral included in resources \$ 72,637,886.39

We have reserved for interest received in advance on loans \$ 18,959,247.11
This amount will be taken into income as earned

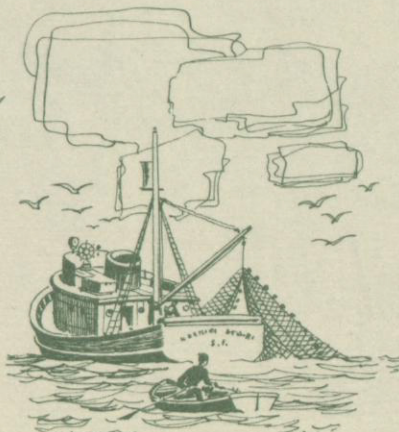
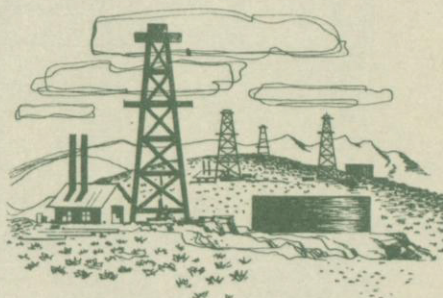
We have set aside as a reserve for interest payable on time deposits and for taxes and other expenses \$ 27,368,969.84

TOTAL LIABILITIES \$6,250,402,352.28

es of the Bank's foreign branches
nber Federal Deposit Insurance Corporation
ing all California



C A L I F O R N I A



★ ★ ★ F I S H I N G ★ ★ ★ M O T I O N P I C T

★ ★ ★ W I N I N G ★ ★ ★ A N I M A T I O N ★ ★ ★ P I C T U R E S ★ ★ ★

enabling law. In its second full year of operation, the Fund's assets more than doubled with the inclusion of a greater number of trusts. The portfolio of bonds and preferred and common stocks yielded an income of around 4 per cent, thus providing the attractions of good income return and security of diversification normally available only to a large trust.

Business development efforts were rewarded by a record number of new trust accounts and the filing of a greater number of wills than in any previous year. A new record was also established in the value of property covered by wills filed during the year.

World Banking

ON DECEMBER 1st, we opened a branch at Bangkok, Thailand (Siam), the first American bank to operate a branch in that country. A branch at Shanghai was also activated in the early part of the year. We are now operating seven foreign branches, the others being in London, Manila, Tokyo, Kobe and Yokohama. Our International Banking Department also has representatives with offices in New York, Paris, Milan and Zurich.

To facilitate and foster trade and commerce between the United States and other countries, and to implement and extend the international activities of the bank, a new corporation was formed in 1949 under provisions of the Federal Reserve Act and with approval of the Federal Reserve Board. The new corporation, a wholly-owned subsidiary of Bank of America National Trust and Savings Association, with home office in New York, is named Bank of America; to distinguish it from the parent bank it will be known as Bank of America (International).

All of the varied activities of the International Banking Department



continued their upward movement during 1949. Especially worthy of note was the increase in deposits. At the end of November the dollar equivalent of deposits in foreign branches, together with deposits of foreign banks and other foreign institutions placed in our domestic branches, had increased approximately \$84,000,000 over the figure of a year previous.

Branch Extension and Modernization

BANK OF AMERICA service was made available in nine additional locations in California in 1949. New branches were established in the Westchester district of Los Angeles and at the Los Angeles Airport; in Stonestown, a new residential district of San Francisco; and in Anderson, Morro Bay, San Bernardino, Seaside and Ventura. The Camp Roberts branch was closed, its banking business was transferred to Paso Robles, and its permit was used to establish a branch at Gonzales. These additions raised our statewide branch system to 525 branches. In addition, we are conducting banking facilities for the convenience of military forces in 17 California locations, an increase of five over a year ago.

Continuing our program for expanding and modernizing branch banking premises to re-establish prewar standards of service to customers, in 1949, expenditures of \$4,095,000 for building sites, construction of new buildings, and major remodeling jobs and installations, were authorized for 55 projects ranging in cost from \$10,000 upwards. Last year we completed 49 major jobs of construction, remodeling, etc., including 15 new branch buildings, at a total cost of about \$4,674,000.

The Bankamerican Family

HAVING summarized another year's events and developments, it is again my privilege and my pleasure to pay tribute to the organization of men and women who conducted the bank's business during the successful year just ended. The figures, whether standing alone or consid-

ered on a comparative basis, convincingly testify to the skill and efficiency, loyalty and single-mindedness with which Bankamericans perform their duties.

In the calibre of our organization we have another example of our Founder's wisdom in planning for the future of the bank by shifting more and more responsibility to younger shoulders, and finally retiring completely from active participation in the management, long before the inevitable day when he would cease to be with us.

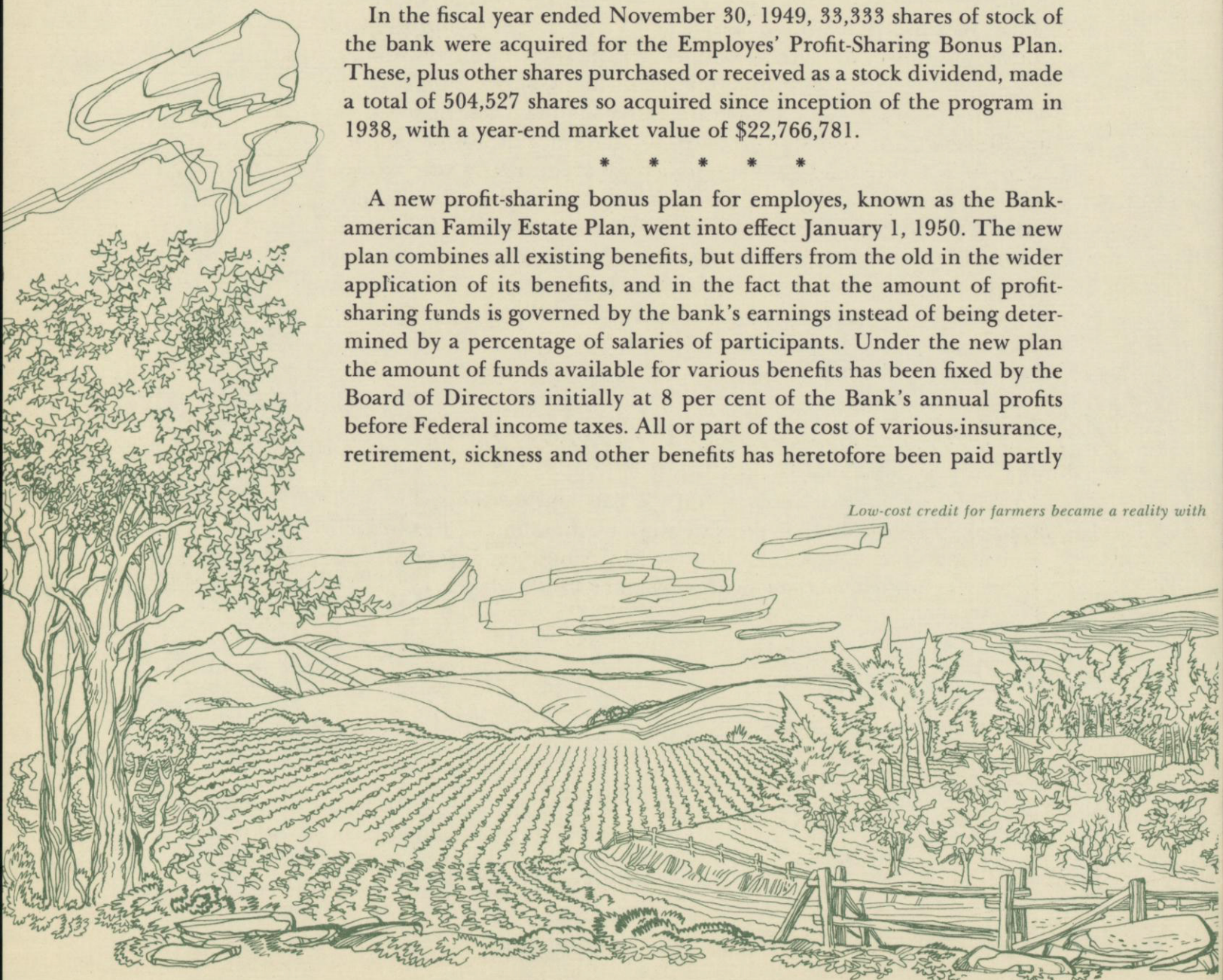
Our work has been done and the earnings reported here have been produced by a team of some 14,600 members, among whom are 969 men and women with service records of 25 years or longer, including 157 Bankamericans who were enrolled in the Quarter Century Club during 1949.

In the fiscal year ended November 30, 1949, 33,333 shares of stock of the bank were acquired for the Employees' Profit-Sharing Bonus Plan. These, plus other shares purchased or received as a stock dividend, made a total of 504,527 shares so acquired since inception of the program in 1938, with a year-end market value of \$22,766,781.

* * * * *

A new profit-sharing bonus plan for employees, known as the Bank-american Family Estate Plan, went into effect January 1, 1950. The new plan combines all existing benefits, but differs from the old in the wider application of its benefits, and in the fact that the amount of profit-sharing funds is governed by the bank's earnings instead of being determined by a percentage of salaries of participants. Under the new plan the amount of funds available for various benefits has been fixed by the Board of Directors initially at 8 per cent of the Bank's annual profits before Federal income taxes. All or part of the cost of various insurance, retirement, sickness and other benefits has heretofore been paid partly

Low-cost credit for farmers became a reality with



by the bank and partly by payroll deductions. Under the new program, the bank's cost of employee benefits, and the first \$22 of the employee's monthly retirement plan premiums, plus his entire cost of other benefits, will be charged to profit-sharing funds to the extent that they are available; remaining funds will be used to purchase shares of the bank for distribution to employees with service records of five years and longer, upon their retirement.

A practical effect of the new profit-sharing plan will be to increase salary checks by reducing the amount of payroll deductions. This does not change the contributory principle of our benefit plans and the bank reserves the right to restore the salary deduction arrangement, in full or in part, if it should become necessary.

The profit-building incentive is inherent in the Bankamerican Family Estate Plan. With profit-building and profit-sharing going hand in hand, the advantages of the new plan seem well assured from the standpoint of both stockholder and employee.

* * * * *

Largely through distribution of stock formerly owned by Transamerica Corporation, the bank's family of stockholders gained about 15,000 new members last year, and now numbers around 160,000. Many of these new owners are Californians. I hope each of them will look carefully into the services provided by the bank, the deposit, credit, trust, travelers cheque, and other facilities, patronize those which serve his needs, and recommend a similar course to associates and members of his own family. In considerable measure, the profitable years reviewed in these reports have been made so by the support of our large family of owners.

extension of the bank's branch system to rural areas.



The California Trend

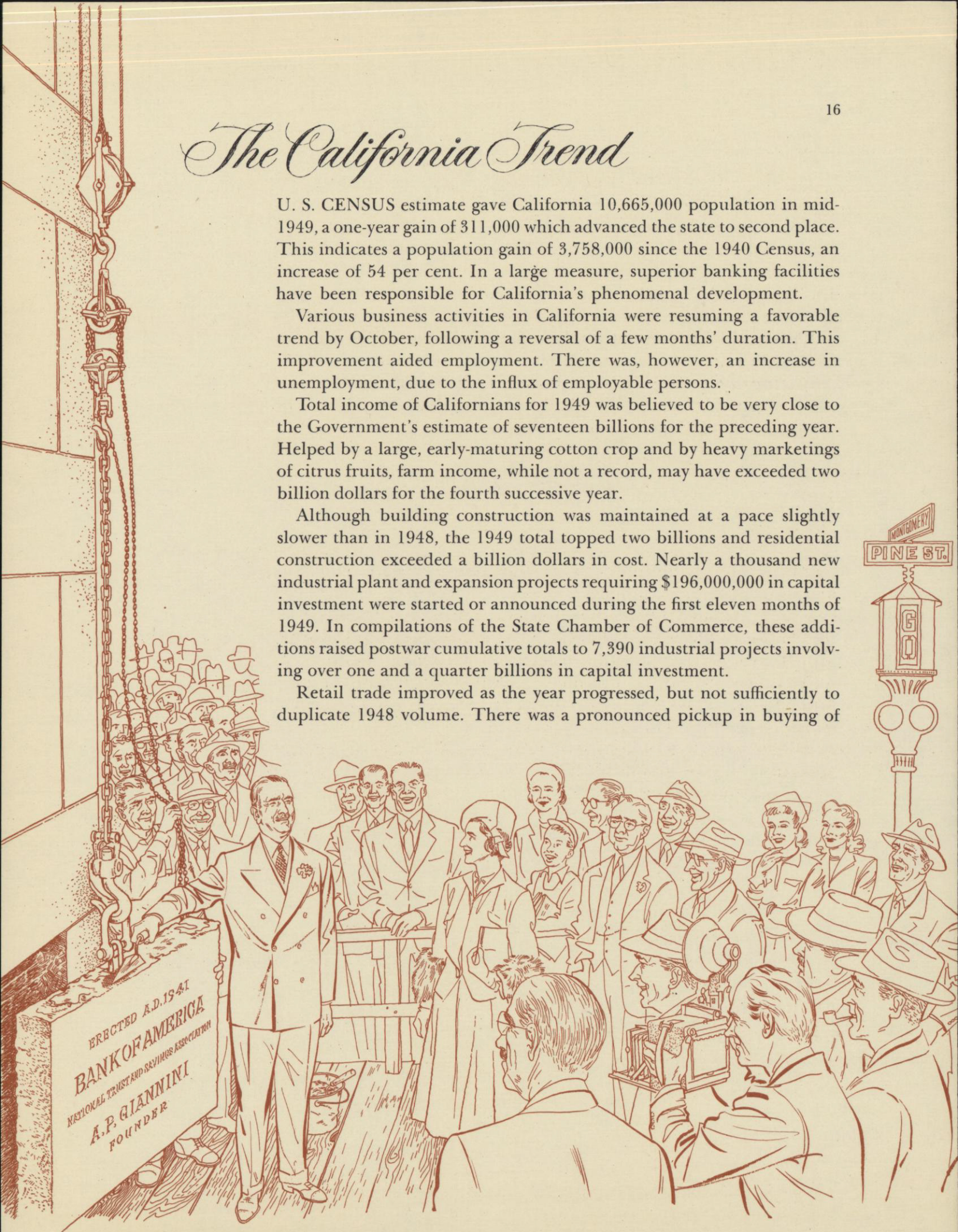
U. S. CENSUS estimate gave California 10,665,000 population in mid-1949, a one-year gain of 311,000 which advanced the state to second place. This indicates a population gain of 3,758,000 since the 1940 Census, an increase of 54 per cent. In a large measure, superior banking facilities have been responsible for California's phenomenal development.

Various business activities in California were resuming a favorable trend by October, following a reversal of a few months' duration. This improvement aided employment. There was, however, an increase in unemployment, due to the influx of employable persons.

Total income of Californians for 1949 was believed to be very close to the Government's estimate of seventeen billions for the preceding year. Helped by a large, early-maturing cotton crop and by heavy marketings of citrus fruits, farm income, while not a record, may have exceeded two billion dollars for the fourth successive year.

Although building construction was maintained at a pace slightly slower than in 1948, the 1949 total topped two billions and residential construction exceeded a billion dollars in cost. Nearly a thousand new industrial plant and expansion projects requiring \$196,000,000 in capital investment were started or announced during the first eleven months of 1949. In compilations of the State Chamber of Commerce, these additions raised postwar cumulative totals to 7,390 industrial projects involving over one and a quarter billions in capital investment.

Retail trade improved as the year progressed, but not sufficiently to duplicate 1948 volume. There was a pronounced pickup in buying of



consumer durable goods in the second half of the year, as evidenced by Timeplan financing of automobiles and household equipment. In 1949, such financing in the second half of the year exceeded that of the first half by more than fifty per cent.

California's performance in 1949 indicates that the postwar correction is substantially completed as far as our state is concerned, and that it is reasonable to look forward to a period of sound stability and continued growth.

Our National Interest

VIEWING the national scene, we see a clearly marked trend which is distinctly not in the interest of the people, but nevertheless a trend which has been formed and developed by the people through imposing their will on the lawmakers. It is a trend away from independence and initiative and free enterprise, a trend in the direction of Federal government paternalism. Currently this trend is masquerading under the fine sounding but misleading name of welfare state.

In all of its ramifications, the welfare state is a poor substitute for the incentive and freedom of enterprise with which we built this country. Among its costs are too much concentration of government in Washington, high cost and extravagance in running the national bureaucracy, taxes at an uneconomically high level, and deficits in the billions, withal.

As the first step in correcting an unhealthy trend, the agencies and functions of government should be brought back closer to the people by a revival of the principle of state sovereignty. The Federal government



Laying the cornerstone of San Francisco Headquarters of Bank of America in 1941.

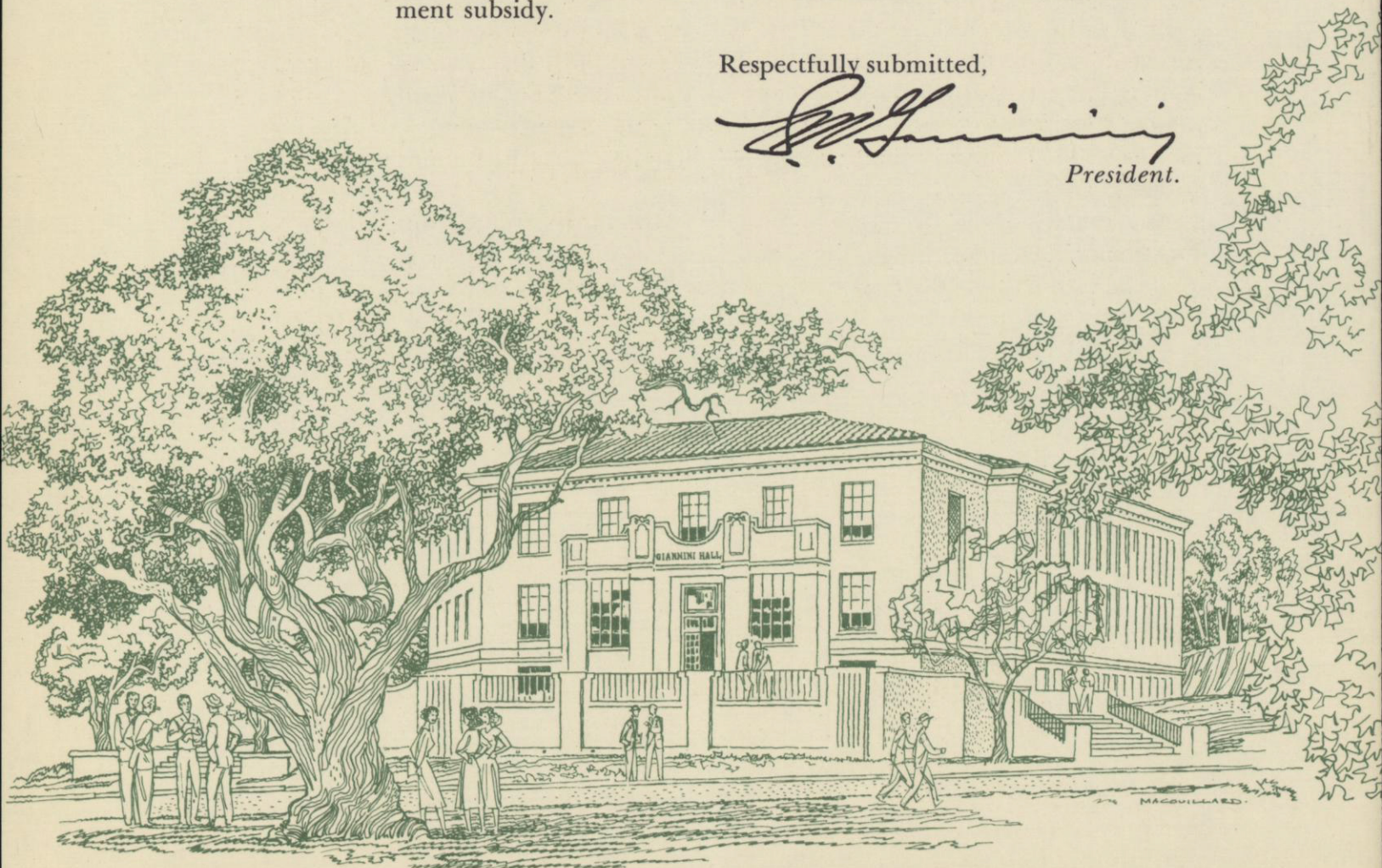
should be returned to its original and proper role of a coordinating force. The principle of living within one's means, everywhere advocated for private business and the individual, should be as fully appreciated and faithfully applied in government. It is neither sound nor effective to seek avoiding Federal deficits by increasing our already crushing tax burden. We should, instead, cut the cost of government and reduce taxes, thus replacing economically honest incentive for synthetic welfare devices toward which we are tending.

Let us not regard these tendencies with resigned regret on the grounds that the government is wholly and solely responsible for them, and that we, the people, can do nothing about it. Let us, rather, realize that by our expressed will, we are largely responsible for government policies.

It will be a great day for the American people of all stations when they awaken to the fact that the benefits of the so-called welfare state are not free but must be paid for, in full, by themselves, paid for in loss of personal liberty, constantly mounting taxes, hidden and indirect as well as direct, and in high costs of living aggravated by deficit financing. In this new year of 1950 we will do well to strive for the sounder standard of living and sturdier basis of security to be gained from the profits of individual initiative and free enterprise rather than from government subsidy.

Respectfully submitted,

Gianni Giannini
President.



Giannini Foundation of Agricultural Economics at Berkeley.

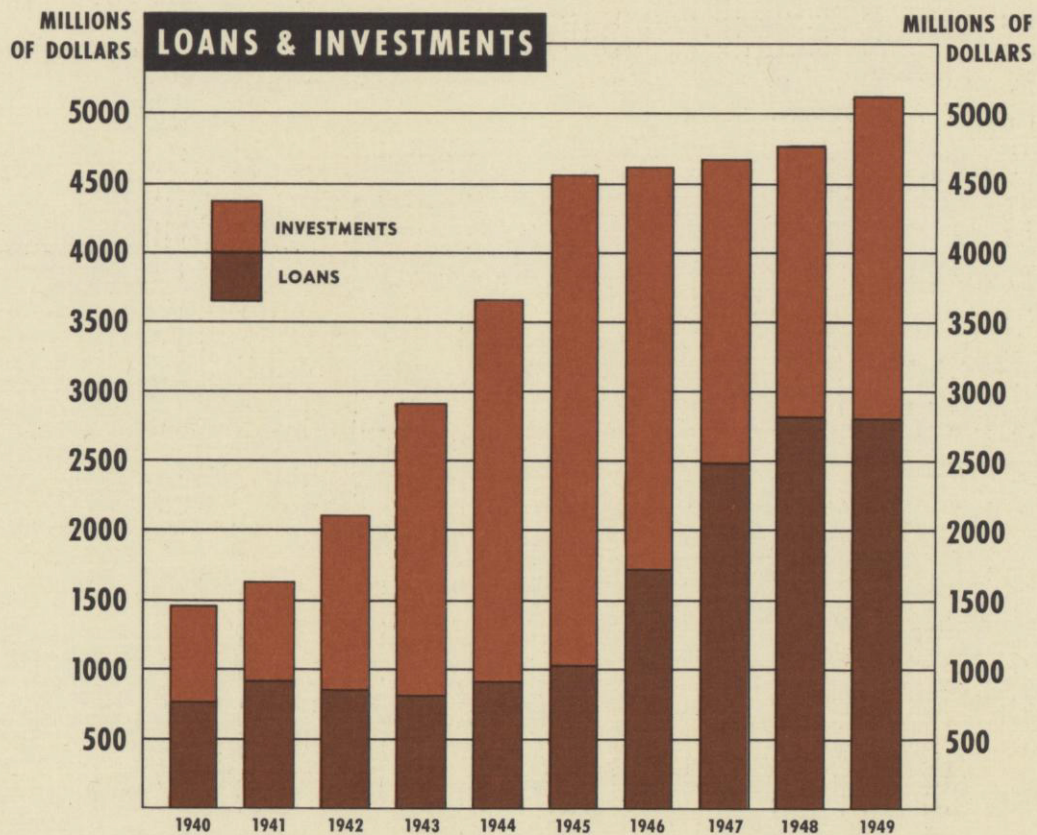
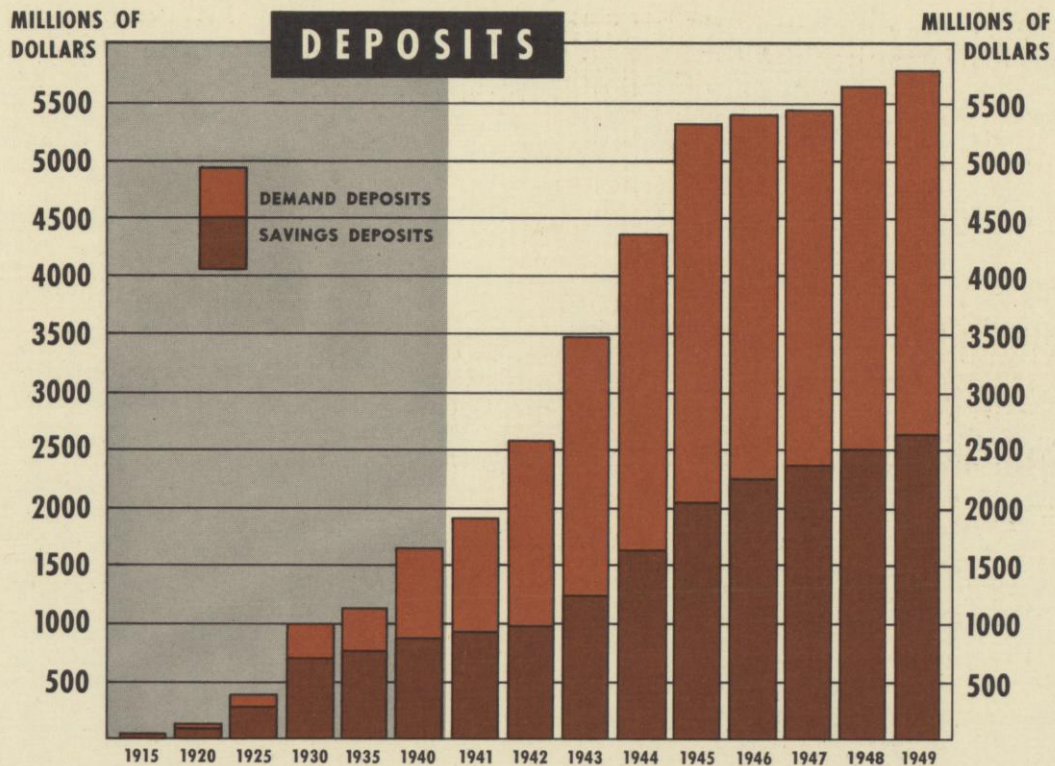
GROWTH OF BANK OF AMERICA NT&SA

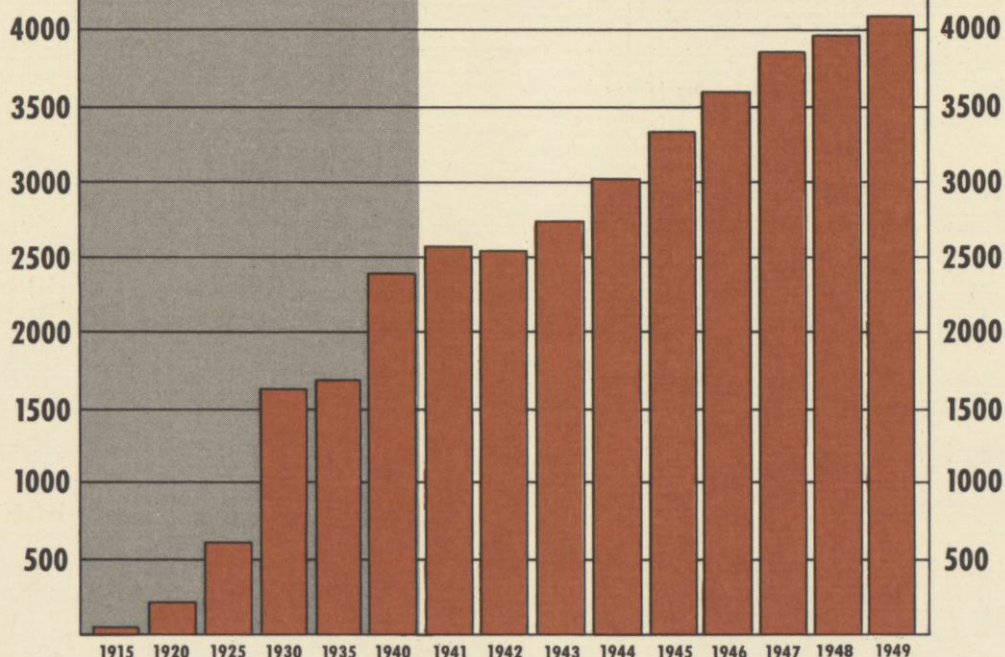
Dec. 31	Total Deposits	Capital	Surplus and Undivided Profits	Loans and Discounts	Investments in Securities	Total Resources	Number of Deposit Accounts (Dec. 23)	No. of Banking Offices
1904	\$ 134,413	\$ 150,000	\$ 1,024	\$ 178,400	\$ 34,446	\$ 285,437	①	1
1905	703,024	300,000	10,000	883,522	24,505	1,021,291	①	1
1906	1,348,723	500,000	31,565	1,471,123	81,571	1,899,947	①	1
1907	1,660,324	500,000	46,945	1,678,222	①	2,221,347	①	2
1908	1,728,899	750,000	78,673	1,669,567	57,884	2,574,005	①	2
1909	2,929,495	750,000	90,820	2,445,137	266,628	3,817,218	①	3
1910	5,348,151	1,000,000	150,000	4,159,459	858,547	6,539,861	①	3
1911	7,129,456	1,000,000	201,649	4,885,974	1,638,000	8,379,347	①	3
1912	9,916,018	1,000,000	251,437	7,092,823	1,846,769	11,228,815	①	4
1913	14,226,242	1,250,000	330,390	10,282,785	2,406,706	15,882,912	42,378	7
1914	16,272,563	1,250,000	350,217	11,457,790	2,677,718	18,030,402	50,253	7
1915	20,474,873	1,250,000	374,244	12,970,068	5,084,363	22,321,861	58,854	7
1916	36,804,776	2,000,000	691,452	23,682,894	7,527,408	39,805,995	90,683	12
1917	72,044,729	3,000,000	1,100,000	47,004,189	13,308,177	77,473,153	141,298	19
1918	85,937,839	5,000,000	2,000,000	59,869,035	14,538,649	93,546,162	161,626	24
1919	127,258,626	6,000,000	2,500,000	74,737,335	33,855,881	137,900,700	189,511	24
1920	140,993,545	9,000,000	3,913,240	95,127,616	37,199,447	157,464,685	221,788	24
1921	177,867,611	10,000,000	5,036,948	116,911,735	43,499,682	194,179,450	291,994	41
1922	229,751,526	15,000,000	7,529,844	152,989,286	59,090,529	254,282,290	401,798	61
1923	276,548,879	15,000,000	8,616,832	200,505,931	56,543,859	301,963,478	485,136	75
1924	328,963,919	17,500,000	10,561,578	204,472,438	96,489,255	358,656,302	548,265	87
1925	389,433,241	17,500,000	13,474,173	228,793,066	121,678,890	422,838,587	595,032	98
1926	416,656,511	20,000,000	16,928,035	255,557,233	129,630,279	460,981,773	616,313	98
1927	645,002,138	37,500,000	25,540,829	403,864,139	238,856,707	765,188,977	1,083,303	289
1928	698,435,841	50,000,000	55,756,632	410,276,641	272,884,061	847,910,539	1,139,076	290
1929	893,892,733	50,000,000	58,251,159	541,617,718	246,538,740	1,055,113,373	1,444,090	292
1930	998,039,477	50,000,000	54,136,374	669,258,341	249,139,543	1,161,895,889	1,625,381	353
1931	749,796,772	50,000,000	54,290,312	548,431,954	237,965,856	925,150,152	1,542,783	346
1932	700,447,811	50,000,000	49,890,774	480,675,374	262,952,550	876,309,347	1,380,550	345
1933	767,817,646	50,000,000	49,591,605	458,693,566	311,084,996	941,001,838	1,357,224	345
1934	978,332,802	50,000,000	47,164,341	461,645,975	477,989,657	1,142,323,319	1,547,604	413
1935	1,155,265,465	50,000,000	50,867,307	451,009,354	622,694,559	1,277,419,381	1,677,558	421
1936	1,298,976,759	50,000,000	55,024,112	532,076,966	625,809,982	1,430,337,201	1,911,035	466
1937	1,357,378,756	50,000,000	59,104,964	630,668,811	553,131,379	1,493,373,095	2,123,057	491
1938	1,437,027,491	50,000,000	64,058,600	673,828,309	557,632,428	1,574,721,670	2,182,298	494
1939	1,482,791,676	50,000,000	66,845,842	711,054,697	604,268,671	1,628,586,278	2,268,843	495
1940	1,632,228,397	62,000,000②	82,278,753	778,295,101	668,676,296	1,817,535,186	2,384,551	495
1941	1,908,383,921	60,800,000②	83,634,808	914,569,553	693,113,910	2,095,635,619	2,538,783	495
1942	2,586,140,699	59,215,920②	83,151,214	840,469,960	1,265,749,444	2,771,689,632	2,512,805	487
1943	3,498,153,210	58,102,920②	87,051,168	810,660,642	2,095,432,722	3,697,912,675	2,743,231	488③
1944	4,350,539,688	68,085,560②	140,779,201	894,436,931	2,740,064,364	4,609,124,133	3,054,803	491③
1945	5,339,307,098	108,085,560②	117,155,495	1,018,741,456	3,533,172,278	5,626,063,927	3,316,494	493③
1946	5,415,849,715	106,646,375	130,235,547	1,722,743,513	2,882,151,377	5,765,525,193	3,619,925	500③
1947	5,467,199,162	106,646,375	150,525,936	2,492,979,739	2,170,721,906	5,845,817,669	3,815,802	508③
1948	5,639,523,419	106,646,375	172,872,255	2,807,070,398	1,945,231,719	6,072,913,872	3,978,403	517③
1949	5,775,110,029	127,975,650	177,868,961	2,804,522,646	2,322,505,622	6,250,402,352	(November 23) 4,088,018	525③

① Not available.

② Includes Preferred Stock but does not include Reserve for Increase of Common Capital, which amounted to \$1,200,000 in 1941, \$2,784,080 in 1942, \$3,897,080 in 1943, and \$3,914,440 in 1944. This Reserve was not needed and was transferred to Undivided Profits on June 15, 1945, concurrently with the payment of a 66⅔% stock dividend. During 1946, 400,327 shares of Preferred Stock (\$8,006,540 Par Value) were converted into 531,710 shares of Common Stock (\$6,646,375 Par Value), and the difference in par value, \$1,360,165, was credited to Surplus Account. The remaining shares of Preferred Stock, 3,951, were retired by call July 31, 1946.

③ In addition, the Bank was operating 31 "Military Facilities" at December 31, 1943; 42 at December 30, 1944; 39 at December 31, 1945; 15 at December 31, 1946; 12 at December 31, 1947, and 1948; and 17 at December 31, 1949.



THOUSANDS OF
ACCOUNTS**NUMBER OF DEPOSIT ACCOUNTS**THOUSANDS OF
ACCOUNTSMILLIONS OF
DOLLARS**EARNINGS**MILLIONS OF
DOLLARS